

the user declines the opportunity to modify the underlying data."

**In the Drawings:**

NC Applicant proposes to clarify the drawings as denoted in red ink on Figures 2 through 5 attached hereto and captioned **Version with markings to show changes made**. At an appropriate time, Applicant will submit substitute drawings.

**In the Claims:**

Please amend claims 7 and 15 such that the claims read as follows.

A7 7. (Amended) The method of claim 1, wherein the second patent license data include an exposure rate.

A6 15. (Amended) The method of claim 10, wherein the patent license data include an exposure rate.

**REMARKS**

Claims 1-23 are pending in this application.

**The Amendments to the Specification and Drawings**

Applicant has amended the specification and the drawings to make a recurring clarification. Particularly, Applicant has changed numerous references to "exposure risk" in the original application disclosure to more precisely describe the exposure parameter as an "exposure rate". The description of the use and function of the exposure parameter in the original application disclosure at, for example, page 1, lines 5-7 and page 10, lines 9-19, would have readily conveyed to the artisan of ordinary skill what was meant. Entry of these amendments is therefore appropriate. In re Smythe, 480 F.2d 1376, 1384, 178 USPQ 279, 285 (C.C.P.A. 1973).

Other amendments to the specification have been made to place the application in better form. Entry of these amendments is also appropriate.

**Amendments to the Claims**

Applicant has amended claims 7 and 15 to clarify the inventive subject matter in a manner similar to which the specification has been clarified. The amended claims find full support in the original application disclosure.

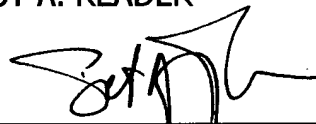
Attached hereto as is a marked-up version showing the changes made to the specification, claims and drawings by the current amendment. The attached pages are captioned **Version with markings to show changes made.**

In view of the foregoing amendments and remarks, Applicant respectfully requests timely examination and an indication of allowance of the pending claims.

Respectfully submitted,

SCOT A. READER

By



Scot A. Reader  
Reg. No. 39,002  
818.788.6503

**VERSION WITH MARKINGS TO SHOW CHANGES MADE**

**Specification**

Page 1, first paragraph, beginning at line 5:

"A fee for a unilateral patent license in a technological field may be calculated by multiplying the licensee's product revenue in the field by an exposure [risk] rate in the field and a royalty rate in the field. A fee for a unilateral patent license in multiple technological fields may be calculated by summing the fees calculated as described above for the individual fields. A fee for a bilateral patent license may be calculated by performing one of the foregoing calculations, swapping the licensor and licensee, repeating the one of the foregoing calculations and subtracting the fee calculated in the second instance from the first to yield a "balancing payment"."

Page 1, second paragraph, beginning at line 15:

"Patent licensing professionals may apply license fees calculated using these formulas offensively, to determine which potential licensing targets to engage and what license fees to expect from such targets, and defensively, to determine what licensee fees others may expect from their own clients. However, the usefulness of such calculated license fees depends on the reliability of the underlying data, including corporate affiliation data, product revenue data, exposure [risk] rate data and royalty rate data. Sometimes the patent licensing professional will have sufficiently reliable data on all these variables to make the license fee calculation with a high degree of confidence. But in many cases, the patent licensing professional will have sufficiently reliable data on only some of these variables. For instance, the patent licensing professional may glean reliable product revenue data from a market study but have no reliable data on exposure [risk] rate or royalty rate. Or the patent licensing professional may glean reliable exposure [risk] rate data from an infringement study but have no reliable data on product revenue or royalty rate. Or the patent licensing professional may glean reliable royalty

rate data from an industry survey but have no reliable data on exposure [risk] rate or product revenue. For the variables on which the patent licensing professional must engage in some degree of speculation, a computer may be able to provide data of superior reliability by reference to raw or computer manipulated stored data. Yet the licensing professional often cannot know without seeing the computer generated data whether the computer generated data or his own speculative data is preferred. Moreover, since the variables about which the patent licensing professional is uncertain may have different dependencies, it may require several "looks" at different combinations of computer generated data and speculative data and the results thereof to determine a preferred combination."

Page 8, first full paragraph, beginning at line 1:

"In Figure 2, a flow diagram illustrates an interactive method for determining a unilateral patent license fee for a single technological field. As applied within the networked computing environment of Figure 1, a user of end-user station 110 is prompted via user interface 125 by processor 120 to identify a licensor, licensee, license type and technological field. The user inputs the requested information on user interface 115 and selects type unilateral. The technological field may be input in the form of a patent classification number. Processor 120 caches the license type and technological field in memory 122. Step 210 is thereby completed. Processor 122 forms licensor and licensee company search queries for company database 150 based on the licensor identity and the licensee identity, respectively, and the respective company search queries are transmitted over network 130 from end-user station 110 to server 140 via network interface 125. At server 140, the respective company search queries are applied to company database 150 to generate respective company search results, including respective lists of affiliated legal entities and, for the licensee, global revenue. The respective company search results are transmitted from server 140 to end-user station 110 via network 130 and network interface 125. Step 220 is thereby completed. Processor 120 forms respective licensor and licensee patent search queries for patent database 160 based on the respective lists of affiliated legal entities and cached technological field. The respective patent search queries are transmitted from end-user station 110 to server 140 via

network 130 and network interface 125. If the technological field was not input in the form of a patent classification number, processor 120 replaces the technological field with a corresponding patent classification number in forming the respective patent search queries. At server 140, the respective patent search queries are applied to patent database 160 to generate respective patent search results, including respective patent counts within the corresponding patent classification for which the licensor- and licensee-affiliated legal entities, respectively, are named as an assignee and additionally, for the licensee-affiliated legal entities, a global patent count. The configured royalty rate associated with the patent classification is also retrieved from the patent database 160 and applied to the search results. The respective patent search results are transmitted from server 140 to end-user station 110 via network 130 and interface 125. Step 230 is thereby completed. At end-user station 110, processor 120 divides the patent classification-based patent count for the licensee-affiliated legal entities by the global patent count for the licensee-affiliated legal entities to calculate the percentage of the licensee global patent count attributable to the technological field. Processor 120 further multiplies the global revenue for the licensee by the percentage to calculate the licensee revenue attributable to the technological field. Processor 120 further calculates an exposure [risk] rate for the licensee in the technological field in function of the licensor patent count in the corresponding patent classification. In a preferred embodiment, the licensor patent count is multiplied by a configured "per patent" exposure [risk] rate percentage to obtain the licensee exposure [risk] rate, with the licensee exposure [risk] rate being capped at one hundred percent. Processor 120 further multiplies the licensee revenue in the technological field by the licensee exposure [risk] rate and the royalty rate for the technological field to determine the license fee. Step 240 is thereby completed. The license fee is supplied as an output to the user on user interface 115 with underlying data on which the license fee determination is based, including the parties' respective lists of affiliated legal entities, the licensee global revenue data, the calculated percent of licensee revenue attributable to the technological field, the calculated exposure [risk] rate and the configured royalty rate. The user is provided the opportunity to modify the underlying data. If the user modifies the parties' respective lists of affiliated legal entities, or either of them, the user is

warned of the dependency of the licensee revenue attributable to the technological field (if the licensee's list is modified) and licensee exposure [risk] rate (if the licensor's list is modified). If the user elects to proceed despite the dependency warning (250), the process returns to Step 230 and the license fee is re-determined. If the user modifies the licensee global revenue, the percentage of licensee revenue attributable to the technological field, the licensee exposure [risk] rate and the royalty rate, or any of them (260), the process returns to Step 240 and the license fee is re-determined. Attempts by the user to set the percentage of licensee revenue attributable to the technological field, licensee exposure [risk] rate or royalty rate below zero percent or above one hundred percent are inhibited. The license fee re-determinations proceed until the user declines the opportunity to modify any of the underlying data. Re-determinations commence upon the user making an affirmative indication, such as a mouse click or a keystroke, after making all desired modifications."

Page 12, first full paragraph, beginning at line 5:

"Turning now to Figure 3, a flow diagram illustrates a method for determining a unilateral patent license fee in multiple technological fields. As applied within the networked computing environment of Figure 1, a user of end-user station 110 is prompted to identify a licensor, licensee, license type and technological field. The user inputs the requested information and selects type unilateral, only this time the user identifies multiple technological fields (310). The interactions of processor 120 with company database 150 and patent database 160 proceed as described in Step 220 through 240, only this time Steps 230 and 240 are performed for multiple technological fields (320, 330, 340). The "per field" license fees calculated in Step 340 are summed to determine a total license fee (350). The total license fee is supplied as an output to the user with underlying data on which the total license fee determination is based, including the parties' respective lists of affiliated legal entities, the licensee global revenue and, for each technological field, the percentage of licensee revenue attributable, the licensee exposure [risk] rate and the royalty rate. The user is provided the opportunity to modify the underlying data. If the user modifies the parties' respective lists of affiliated legal entities, or either of them, the user is warned of the dependency of the licensee

revenues attributable to the technological fields (if the licensee's list is modified) and licensee exposure [risks] rates (if the licensor's list is modified). If the user elects to proceed despite the dependency warning (360), the process returns to Step 330 and the total license fee is re-determined. If the user modifies the licensee global revenue, the percentages of licensee revenue attributable to the technological fields, the licensee exposure [risks] rates and the royalty rates, or any of them (370), the process returns to Step 340 and the total license fee is re-determined. Attempted modifications which would result in the aggregate percent of licensee revenue attributable to the technological fields exceeding one hundred percent are not accepted. Moreover, attempts to set licensee exposure [risks] rates and royalty rates below zero percent or above one hundred percent for a given technological field are not accepted. The license fee re-determinations proceed until the user declines the opportunity to modify any of the underlying data."

Page 14, first full paragraph, beginning at line 3:

"Turning next to Figure 4, a flow diagram illustrates a method for determining a bilateral patent license fee in a single technological field. As applied within the networked computing environment of Figure 1, a user of end-user station 110 is prompted to identify a licensor, licensee, license type and technological field. The user inputs the requested information, only this time the user selects type bilateral (410). The interactions of processor 120 with company database 150 and patent database 160 proceed as described in Steps 220 through 240 (420, 430, 440). The licensor and licensee are swapped and Steps 220 through 240 are re-performed (450). The license fee calculated in the second instance of Step 440 for the licensee's reciprocal grant to the licensor is subtracted from the license fee calculated in the first instance of Step 440 for the licensor's grant to the licensee to produce a net license fee, i.e. "balancing payment" (460). The net license fee is supplied as an output to the user with underlying data on which the license fee determination is based, including, the parties' respective lists of affiliated legal entities, respective global revenues, respective percentages of revenue attributable to the technological field, respective exposure [risks] rates in the technological field, and the royalty rate in the technological field. The user is provided the

opportunity to modify the underlying data. If the user modifies the parties' respective lists of affiliated legal entities, or either of them, the user is warned of the dependency of the revenue attributable to the technological field and exposure [risk] rate. If the user elects to proceed despite the dependency warning (470), the process returns to Step 430 and the net license fee is re-determined. If the user modifies the parties' respective global revenues, respective percentages of revenue attributable to the technological field and respective exposure [risks] rates, and the royalty rate, or any of them (480), the process returns to Step 440 and the net license fee is re-determined. The net license fee re-determinations proceed until the user declines the opportunity to modify the underlying data."

Page 15, first full paragraph, beginning at line 17:

"Turning finally to Figure 5, a flow diagram illustrates a method for determining a bilateral patent license fee in multiple technological fields. As applied within the networked computing environment of Figure 1, a user of end-user station 110 is prompted to identify a licensor, licensee, license type and technological field. The user inputs the requested information, only this time the user selects type bilateral and identifies multiple technological fields (510). The interactions of processor 120 with company database 150 and patent database 160 proceed as described in Step 220 through 240, only this time Steps 230 and 240 are performed for multiple technological fields (520, 530, 540). The "per field" license fees calculated in Step 540 are summed to determine a total license fee (550). The licensor and licensee are swapped and Steps 520 through 550 are re-performed (560). The total license fee calculated in the second instance of Step 540 for the licensee's reciprocal grant to the licensor is subtracted from the total license fee calculated in the first instance of Step 540 for the licensor's grant to the licensee to produce a net license fee, i.e. "balancing payment" (570). The net license fee is supplied as an output to the user with underlying data on which the net license fee determination is based, including, the parties' respective lists of affiliated legal entities, respective global revenues and, for each technological field, the parties' respective percentages of revenue attributable and respective exposure [risks] rates, and the royalty rates. The user is provided the opportunity to modify the underlying data. If the user

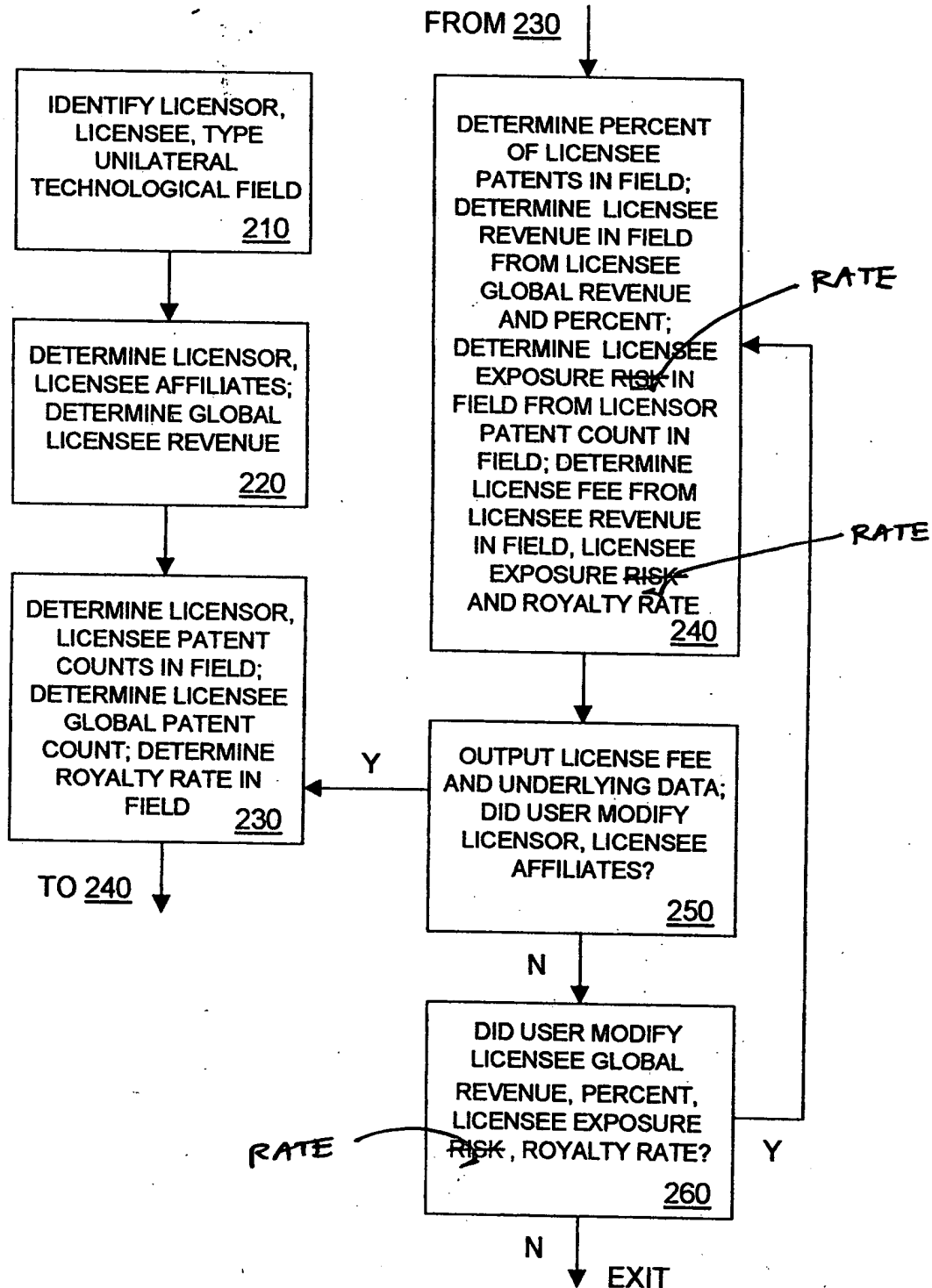


modifies the parties' respective lists of affiliated legal entities, or either of them, the user is warned of the dependency of the revenue attributable to the technological fields and exposure [risks] rates. If the user elects to proceed despite the dependency warning (580), the process returns to Step 530 and the net license fee is re-determined. If the user modifies the parties' respective global revenues, respective percentages of revenue attributable to the technological fields, respective exposure [risks] rates, and the royalty rates, or any of them [(580)] (590), the process returns to Step [530] 540 and the net license fee is re-determined. The net license fee re-determinations proceed until the user declines the opportunity to modify the underlying data."

### **Claims**

7. (Amended) The method of claim 1, wherein the second patent license data include an exposure [risk] rate.
15. (Amended) The method of claim 10, wherein the patent license data include an exposure [risk] rate.

Figure 2



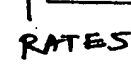


Figure 4

